

Message Text

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ACTION PM-05

INFO OCT-01 ARA-14 ISO-00 ACDA-10 L-03 MCE-00 OMB-01
TRSE-00 NSC-05 SP-02 SS-15 CIAE-00 INR-07 NSAE-00
AID-05 IGA-02 EB-08 /078 W
-----059827 252202Z /75

P 252106Z AUG 77
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC PRIORITY 3406
INFO SECDEF PRIORITY
USCINCSO QUARRY HTS CZ PRIORITY

UNCLAS BOGOTA 7960

SECDEF FOR JCS/DSAA

CINSOUTH FOR SCSA

E.O. 11652: N/A
SUBJECT: FY 77 FMS FINANCING

REF: SECSTATE LOU 198728

1. IN CLOSE COORDINATION WITH THE USMILGP, THE COLOMBIAN MOD IS DEVELOPING A REVISED LIST OF TIEMS PROPOSED FOR FY 77 FMS FINANCING. IN THE ABSENCE OF AN URGENT REQUIREMENT FOR THIS REVISION, WE WILL PROCEED ON AN ORDERLY COURSE TO INSURE THAT THE END PRODUCT REPRESENTS A WELL CONCEIVED PLAN.

2. THE MOST PRESSING FMS MATTER AT THIS TIME IS THE USE OF CREDIT TO PAY ARREARAGES. COLOMBIAN MILITARY AUTHORITIES ARE CONCERNED OVER:

- A. THE IMPLICATION THAT THEY HAVE NOT BEEN FORTHCOMING IN MEETING FINANCIAL OBLIGATION; AND
- B. THE POSSIBILITY OF A DELAY IN THE UTILIZATION OF FY 77 CREDITS.

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3. WHILE THERE HAVE BEEN DELAYS IN PAST PAYMENTS, THESE INVARIABLY CAN BE ATTRIBUTED TO PROCEDURAL DELAYS AND ADMINISTRATIVE ERRORS--UNDERSTANDABLE IN A COMPLEX US SYSTEM, MADE FURTHER COMPLICATED BY THE FOREIGN DEBT SERVICE SYSTEM EMPLOYED BY COLOMBIA. AS EACH INDIVIDUAL PROBLEM IS UNCOVERED THE REACTION BY COLOMBIAN MILITARY OFFICIALS IS FIRM AND AS PROMPT AS THE BUREAUCRATIC PRO-

CESS WILL PERMIT. THERE HAVE BEEN NO INDICATIONS THAT THERE IS ANY INTENT TO DELAY OR AVOID PAYMENT; THE OPPOSITE IS SEEN IN EVERY QUARTER. IT IS IMPORTANT THAT WE RECOGNIZE THE STRONG DESIRE OF THE COLOMBIAN MILITARY TO MEET THEIR JUST OBLIGATIONS IN ORDER TO AVOID US ACTION WHICH, WHILE APPARENTLY LOGICAL AND BUSINESSLIKE ON THE SURFACE, MAY ACT TO ANTAGONIZE PERSONNEL WHO ARE SERIOUSLY ATTEMPTING TO RESOLVE A PROBLEM.

4. IT SHOULD BE RECOGNIZED THAT THE NAVY DEBT HAS SUDDENLY COME INTO FOCUS AS A RESULT OF REVISED US ACCOUNTING PROCEDURES. PREVIOUSLY THIS DEBT WAS ALLOWED TO EXIST SINCE THE US NAVY ACCOUNT FOR ALL OF LATIN AMERICA SHOWED AN ACCEPTABLE BALANCE. THE DEMAND FOR PAYMENT COMES IN THE LATTER PART OF THE FISCAL YEAR, WHEN THERE SIMPLY IS NO MONEY AVAILABLE IN THE NAVY BUDGET TO PAY SUCH A BILL. THE ORIGINAL COLOMBIAN REACTION TO THIS SITUATION WAS TO SEEK THE MOST SPEEDY SETTLEMENT--THE USE OF FMS CREDIT. WE GAVE MORE THAN SPECIFIC APPROVAL TO THIS APPROACH WITH ADVICE THAT EFFORTS WERE BEING MADE WITHIN DOD TO PERMIT SUCH ACTION. IF THE USE OF FMS CREDIT TO REPAY THESE DEBTS IS DENIED, THERE ARE TWO ALTERNATIVES: SEEK A SUPPLEMENTAL APPROPRIATION OR INCLUDE SUCH PAYMENTS IN THE 1978 BUDGET. THE SUPPLEMENTAL APPROPRIATIONS ROUTE IS A LONG AND TORTUROUS ONE AND NOT AT ALL CERTAIN IN THE MIDST OF A PRESIDENTIAL CAMPAIGN. ONE ARGUMENT WHICH WOULD HAVE

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TO BE USED IF THE FUNDS ARE SOUGHT AS A SUPPLEMENTAL MEASURE, IS THE FACT THAT A THREAT TO CONTINUED FMS CREDIT IS BEING CONSIDERED BY THE US. THIS APPROACH IS BOUND TO TOUCH ON NATIONAL PRIDE AND IN ELECTION YEAR, MIGHT WELL PRECIPITATE ACTION WHICH WOULD BE DETRIMENTAL TO OUR OWN INTERESTS.

5. IN DISCUSSION WITH THE CHIEF OF COLOMBIAN NAVAL OPERATIONS AND THE DIRECTOR OF THE JOINT GENERAL STAFF, TWO PROPOSALS HAVE BEEN OFFERED:

A. USE OF FY 76 AND 77 CREDITS TO MEET DEBT PAYMENTS. THIS IS THE PREFERRED SOLUTION SINCE IT AVOIDS THE EMBARRASSMENT OF SUPPLEMENTAL APPROPRIATION ACTION AND ELIMINATES THE POSSIBLE ADVERSE REACTION WITHIN COLOMBIAN POLITICAL CIRCLES.

B. DEFER PAYMENT UNTIL EARLY CY 78. THIS WILL PERMIT THE NAVY TO INCLUDE THE ITEM IN THEIR REGULAR BUDGET. BOTH THE COLOMBIAN CNO AND JOINT STAFF DIRECTOR HAVE ASSURED COMUSMILGP THAT THIS ACTION WILL PROVIDE THE NECESSARY FUNDS.

6. REGARDLESS OF WHAT COURSE OF ACTION IS TAKEN IT IS OF OVERRIDING IMPORTANCE THAT NEITHER THE SIGNING OF THE '77

AGREEMENT OR THE USE OF THESE FUNDS BE DELAYED. SUCH ACTION WILL BE CLEARLY INTERPRETED AS PUNITIVE ACTION AGAINST AN ARMED FORCE WHICH HAS MADE EVERY EFFORT TO COMPLY WITH OUR REQUIREMENTS. INTERNALLYHPT MAY WELL CAUSE HOSTILITY BY OTHER SERVICES AGAINST THE NAVY WHO WILL BE IDENTIFIED AS THE VILLAIN. IN THIS INSTANCE THE NAVY--POOREST OF THE THREE SERVICES--IS WITHOUT FUNDS TO MEET THE SUDDEN DEMAND FOR PAYMENT. WHILE COLOMBIA MAY HAVE THE SUBSTANTIAL INTERNATIONAL RESERVES YOU CITE IN REFERENCE, THIS DOES NOT TRANSLATE INTO FUNDS READILY AVAILABLE TO THE NAVY OR THE ARMED FORCES TO MEET THIS DEBT PAYMENT.

7. STRONGLY URGE AN EARLY DECISION ON THIS MATTER WITH PARTICULAR EMPHASIS ON THE FACT THAT SUCH A DECISION AVOID UNCLASSIFIED

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ACTION WHICH WILL DELAY FY 77 FMS CREDIT UTILIZATION. DREXLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: MILITARY ASSISTANCE PROGRAMS, MILITARY CREDIT, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770308-0051
Format: TEL
From: BOGOTA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770825/aaaaautz.tel
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Litigation History:
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